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UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD DISTRIBUTION ADMINISTRATION

WAR'S CHALLENGE TO FOOD DISTRIBUTORS

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Address, United States Wholesale Grocers' Association
"Country-at-War" Conference at the Peabody Hotel, Memphis,
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The United States has been at war for 1 year and 4 months today. For 16 months we have battled the forces of aggression in our determination to free the world from the threat of Fascist domination. American blood has been spilled upon the world's battlefronts. American boys have gone away, never to return to the land for which they are fighting. Our Allies have fought with almost incredible valor, driving out the invader, defending the homelands which they hold dear.

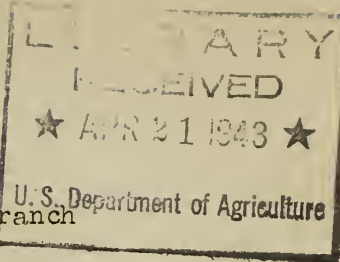
Tragedy has come to thousands of homes all over the world--as it must inevitably come to still more thousands before this terrible war is won.

Against the heroic sacrifice made by our fighting men and our Allies, every American must measure his contribution. No lesser yardstick will suffice - no other comparison is valid. Yes, each American must measure his war contribution against the contribution of the man in uniform - it cannot be measured against the contribution of his neighbor, or his friend, or his competitor.

So I think it is fitting today, 16 months after our declaration of war, to look at the demands which war has made upon the industry in which you are engaged, and to evaluate the ways in which those demands have been met. Let us examine some of the changes which war has brought to food wholesaling and see how the wartime challenges have been faced.

In short, we want to answer two questions: What has the war done to food wholesaling? And, What has food wholesaling done for the war?

Anyone who has been in or near a wholesale house in the past few months knows that war has stopped up the tempo - it has caused more goods to move from manufacturer to processor to wholesaler to retailer to consumer. It has also diverted some food out of these normal trade channels - food for our military forces and for lend-lease. Last year about 12 percent of our food went for these purposes; this year at least one-fourth of our food will be used to meet military and lend-lease requirements.



The diversion of food away from normal trade channels did not prevent retail food sales from reaching an all-time high - an estimated fifteen and one-half billion dollars in 1942. Although we have no estimates yet on dollar volume in food wholesaling last year, we have reason to believe it was the largest in history. My conversations with individuals heretoday have strengthened the impression that many food wholesalers did a volume of business in 1942 which would have seemed impossible a few years ago.

This increase in volume is directly attributable to the wartime increase in consumer income. With full employment at good wage scales, American consumers had money to spend. Restrictions on the manufacture of automobiles, radios, electrical appliances, and other consumer durable goods meant that the increased income was spent on food, clothing, and services. It is estimated that national income in 1942 was 115 billion dollars; for 1943 the estimate is 117 billion.

The effect of this tremendous increase in purchasing power has been direct and forceful: It has made supplies of many foods seem inadequate...this in spite of the largest food production in history. Many consumers, and many men in the food business, have not fully realized the impact of huge purchasing power. They do not remember consumer purchases in the days when the national income was hovering around 45 billion dollars annually. That was in 1933. Our memories are short. We forget that thousands of people had low pay checks - or none - in the 30's. They have better wages now, and they are spending those wages on food. The result is that the largest food supply in our history has been made to appear insufficient, and "shortages" have developed.

The large supplies of food available to you last year were, of course, a direct result of expanded wartime production on American farms. The record production of 1942 is one we hope to exceed this year.

One war program which has benefited the food industry is the national nutrition campaign. Begun in 1941, under the National Defense Advisory Commission, the emphasis on better food has been intensified by the necessities of all-out war. American housewives have been bombarded with factual information concerning the importance of well-selected, healthfully prepared meals. Consumers today are aware of the vital role which nutritious food plays in the maintenance of health and efficiency. This has played a significant part in determining the American housewife's selection of food.

The Government will continue to emphasize the relationship between food and health. Your cooperation is needed in bringing the nutrition campaign into retail stores and into the homes of all Americans. This program is one which I think you will want to have continued in peacetime.

The Government's program to control inflation is an undertaking which many of you have catalogued as restrictive, repressive, and detrimental to business. Actually, viewed in the light of long-term gains, the control of inflation is an imperative necessity to the survival of your business - of all business. It is true that the removal of price ceilings or permitted mark-ups would result in a pseudo-prosperity of enormous dollar volume. It is equally true that the deflation which would inevitably follow would be the death knell for thousands upon thousands of businesses. The whole structure of American business would be weakened by uncontrolled price rises now - and the inescapable depression a few months hence.

No wholesaler who was in business after the last war could seriously question the value of price control in this war. No wholesaler who was in business during the early 30's could seriously doubt that another depression would be fatal to a great part of this country's businesses. Yet there are some individuals so blinded by the glittering hope of extra wartime profits that they would risk national security by overthrowing price control if they could. These are dangerous men whose unsound judgment must not be allowed to jeopardize the safety of our economic front.

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I am not unaware that some of the restrictions incident to price control - as well as rationing - have burdened you with "paper work", reports, and sometimes headaches. Many of the troublesome features have been corrected, and the structure of price control and rationing is gradually becoming more simple and workable. It is also true that many of your fears of earlier months have been allayed. Let me say this to you, as forcibly as I can: The legitimate fear of the American business man is not with what will happen to his business under a program to control inflation - but with what would happen to his business in the absence of such a program.

Much has been said and written about the drastic changes which war has brought to food wholesaling. Can we assume that all those changes are detrimental? What about curtailments in service? For years we had known that wholesalers were continuing to service accounts which were unprofitable to them. Yet the fear of turning any business over to competitors kept wholesalers from restricting their territories, from limiting the calls of salesmen to a reasonable number per week or month; from limiting the amount of credit extended, from accepting now accounts which were more costly than beneficial. We have known for a long time that more economical operation was necessary in the entire food field. In spite of this knowledge, relatively few wholesalers took the problem seriously enough to adopt strenuous measures to correct inefficiencies in their operations.

The war has made those desirable changes a reality. The economy of your operations has been increased by the very measures

which some people regard as "hardships". Surely we cannot regard as sacrifices those things which permit you to make adjustments which were long overdue.

It is sad to think that the exigencies of war were required to change our habitual ways of thinking and acting. We know that in periods of economic stress changes come more rapidly than in "normal" times. Cruel as this war is, there have been some gains, some human benefits, which should be conserved.

In my discussion thus far today I have pointed out some of the changes which war has brought to food wholesaling. They have been evaluated in the light of their effect upon your business, and the effect - for the most part - has been good. I realize that there are other changes which have interfered with your operations. Chief among them is the shortage of help - the much-talked-of "manpower situation". Every ounce of your ability and ingenuity will be taxed to the utmost to meet this problem before the war is won. There will continue to be deferment of essential workers, but the definition of "essential" will become more and more limited. Simple arithmetic makes it obvious that we cannot have an army of the size proposed without making serious inroads into our labor supply. We have our choice between a manpower shortage on the home front and a manpower shortage on the battlefield. There can be no doubt about which choice we will make.

The armed forces are earnestly striving to train their personnel for the jobs to which individual men are best suited. We on the home front have as great responsibility to be sure that we are training our personnel and utilizing it efficiently. We cannot continue to waste the time and energies of civilian personnel on non-essential services. We cannot use able-bodied men in any jobs which could be filled by women. We cannot continue the peace-time luxury of prejudice which excludes large elements in our population from jobs which they could fill adequately if given the chance.

At the beginning of my talk I said that we must answer two questions. One dealt with changes which war has brought to food wholesaling. In the remaining portion of my time, I want to consider the second question: What has food wholesaling done for the war?

The tremendous task of supplying civilian food needs is yours. You have met the challenge in a way which reflects credit to the industry and to its members and which has contributed to the maintenance of health, efficiency, and morale on the home front. Through local food industry committees, working with our Food Distribution Administration representatives, you have dealt effectively with local food shortages. There is much to be done through these committees; our representatives will be asking your continued cooperation and assistance. It is our intention to maintain these committees as local groups

to advise the Food Distribution Administration concerning your problems and to relay your suggestions for meeting these problems.

Through bond sales, you have helped to finance the war and to control inflation. Through individual participation in civilian defense programs, you, as community leaders, have strengthened the home front.

To the extent that you have informed retailers concerning Government food regulations, you have performed a valuable service to retailers and to the Nation. This is one of the most vital tasks which confronts you. The retailers whom you serve look to you for guidance and direction. Their attitude toward the national food program is a reflection of your attitude. Are you satisfied that the educational job you have done with your retailers is the best job which could have been done? Are you devoting sufficient time and energy to explanation of Government regulations and to helping your customers adjust to wartime conditions? Are you working with your customers to help them preserve their place in our economic life? Or have you become so engrossed with your daily operation problems that you are neglecting the group - the retailers - upon whom your very existence depends?

If I have seemed today to minimize your problems and your difficulties, it is only because I have tried to present the broader perspective. As one who has spent nearly 30 years in the food business, I am entirely aware of the hardships which you have met. At the same time, I feel that it would be short-sighted indeed to concentrate upon the day-to-day adjustments which you must make and lose sight of the broader objective - the Victory toward which we strive.

That Victory cannot be achieved by a few people. It can be achieved by the concerted action of every man, woman, and child in this Nation and in all the United Nations. Our battlefield is the home front. It lacks the thrilling challenge of the active fighting front - yet its challenge is no less imperative. That challenge can be met only by complete, unselfish, devotion of our individual energies toward winning the war.

